

MINUTES OF THE REGULAR MEETING OF THE BOARD
PORT AUTHORITY OF ALLEGHENY COUNTY
9:30 A.M., FRIDAY, OCTOBER 22, 2010

The Regular Meeting of the Board of Port Authority of Allegheny County was held at 9:30 a.m., Friday, October 22, 2010 at the Authority's Administration Offices, 345 Sixth Avenue, Pittsburgh, Pennsylvania 15222-2527, pursuant to due public notice given as required by law.

Board Members:

John A. Brooks, Chairman
Guy Mattola, Vice Chairman
Charles Martoni (via phone)
Jeff Letwin
Richard Taylor
Mavis Rainey
Joel L. Lennen, General Counsel

Media:

Walt Golden, KQV
Lauren Daley, City Paper

Port Authority Staff:

Stephen Bland, chief executive officer, Ellen McLean, chief financial officer, Tawnya Moore-McGee, assistant general management Human Resources, Winston Simmonds, Rail Operations/engineering officer, Wendy Stern, assistant general manager Planning and Development, Mike Cetra, Legal counsel, Tony Trona, director Purchasing and Materials Management, Judi McNeil, communications officer, Jim Ritchie, director Public Relations, Tom Noll, director Technical Support & Capital Programs, Dan DeBone, director Government & Civic Affairs, Deborah Skillings, community outreach coordinator, Dotti Buchanan, manager Customer Service, Dave Gramc, controller, Peter Schenk, director Financial Planning and Budgets, Ed Typanski, director Grants and Capital Programs, Brenda Fink, director Internal Audit
Margaret Smith, administrative assistant, Diane Williamson, executive assistant

Others:

Jonathan Robison, ACTC	Annette Kroll
John Tague, CAT	Joe Catanese, County Council
Ron Kaplan, bus rider	Mark Piffer, County Council
Jon Smith, ACTC	David Ortiz, Rand
Julian Bostic, J. P. Morgan	

The Chairman called the meeting to order and recommendation was made for approval of the minutes of the September 24, 2010 Regular Board Meeting. The motion was moved, seconded and passed.

The Chairman called on Mr. Bland for a report. Although Mr. Bland had a brief report today, he wanted to bring everyone up-to-speed on a couple of items. Unfortunately, in regards to the state transportation funding crisis, there is nothing new to report. Staff will continue to monitor the discussions in Harrisburg and various bills that may be introduced. But now that the election is coming up, that activity had pretty much gone dormant, but it is clear that it is an issue that legislators are aware of and concerned about. We are hopeful that after the election, discussions resume in

earnest. Mr. Bland reiterated that this is exactly why we pushed back the originally scheduled vote that the Board was to take last month on a plan for service reductions and fare increases. We are continuing to do work in that regard to prepare should we have to go through that level of change.

In response to some of the comments we received in the original public hearing process, we did put out a request for comment on potential developments to the fare proposal including the possibility of an increase in Zone 2 fare in lieu of some of the premium service provisions that we had in the original process. Mr. Bland noted that this process continues and we expect to be on target to come back to the Board with recommendations at the November meeting.

Along those lines, Mr. Bland reported that at the request of the Regional Transit Operators Committee, the Southwest Pennsylvania Commission recently ran a model on how a 35 percent service reduction would impact the region. They projected that daily transit boarding would decrease by about 37,000, vehicle/auto trips region-wide would increase about 19,000, translating that we would see about 40,000 more automobiles in the Golden Triangle each day, and probably another 1,000 cars a day in Oakland. Mr. Bland said that this confirms what we have said all along. These cuts are not straight lining, they are not efficiency gaining, they are devastating and will be very damaging to the region.

Mr. Bland was happy to report that we are slowly reopening streets in the Golden Triangle and that streets that have been blocked off for over a year now are starting to reopen. A portion of the Liberty and Stanwix Street intersection reopened in early October, and we'll be reopening more phases of that intersection over the next copy of months. Mr. Simmonds confirmed that all of Stanwix, Liberty and Penn will be open in January 2011. Mr. Bland noted that all of these street closures were to accommodate the construction of the new Gateway T Station. Mr. Bland noted that the work on the new station is progressing very nicely, and that he believes that the Gateway Station, both its appearance on the outside and the way we enter from the inside, will really become a piece of iconic Pittsburgh architecture.

Mr. Bland introduced Ms. Ellen McLean as Port Authority's new chief financial officer. The Board welcomed Ms. McLean.

Mr. Bland then recognized Mr. Ed Typanski regarding the hard work on a number of grant proposals we've been working on over the last year. We have been notified as being one of the largest grant recipients of the Federal Transit Administration's new State-of-Good-Repair Program. Earlier in the month, we were also notified of the grant of about \$22.7 million dollars that will be used towards the replacement of our bus fleet allowing us to buy approximately 70 buses next year. [That will be in addition to the 55 buses that we currently have on order]. Mr. Typanski put in a tremendous amount of effort on this grant. Out of 400 applicants around the country, noting that they funded about 150, it is the 7th largest dollar amount awarded countrywide.

Mr. Bland ended his report by stating that he believes this falls back to the intention this Board has placed on focusing on the importance of keeping our current assets in a state-of-good-repair.

This concluded Mr. Bland's report.

Mr. Taylor addressed the Board at this time regarding the North Shore Connector project. Mr. Taylor wanted to remind everyone that we are in a political season and anyone who watches or listens to public media should be aware that there are all kinds of advertisements with all kinds of statements and claims. Mr. Taylor wanted to speak directly to the allegations or suggestions that the North Shore project is \$130 million dollars over budget which are totally contrary to the truth. We all know that the original budget for that project was impacted by the global increase and crisis for steel and concrete. Once we started that project, that project has operated under budget, on schedule, and with no major claims. Mr. Letwin thanked Mr. Taylor for his comments and added that he has been reporting every month on how impressed he is with how this project has been managed.

Mr. Bland stated that we appreciate the comments of the Board, and added that it has been an extremely well-managed project. The level of change orders on a project this size has been well below what anybody in our industry believes is possible. He believes that sometimes we underestimate how complicated tunneling projects are.

The Chairman called on Mr. Jeff Letwin for a report of the Performance Oversight Committee.

Mr. Letwin reported that a meeting of the Performance Oversight Committee was held on Wednesday, October 20, and the notes from the September 15, 2010 meeting were approved by the committee.

The operating budget results for the month of September were presented to the committee. Total revenue for the month of September and year-to-date was favorable primarily due to passenger revenues. The expenses for the month and year-to-date were favorable primarily due to employee benefits, purchase services and amounts capitalized.

There were five resolutions reviewed and recommended by the committee.

First, the committee reviewed four procurement actions in the amount of \$1,570,038.00.

The committee found these bids to have been submitted in accordance with the Authority's procurement policies and procedures, the prices to fair and reasonable, and the bidders to be responsive and responsible.

The Performance Oversight Committee recommends that these items, which are listed in the Board packet, be approved for a total amount of \$1,570,038.00.

It was moved by Mr. Taylor, seconded by Mr. Mattola and unanimously agreed that the resolution be approved as presented.

The next resolution authorizes the Authority to extend the term of agreements for the performance of medical and vocational case management services. In November 2006, the Board authorized and awarded contracts to various firms that provide the Authority with these services for a total not-to-exceed amount of \$300,000. These agreements provided for an initial term of three years with the option to extend the agreements for up to two additional years. In November 2009, the Board approved an extension of four agreements for an additional year to November 30, 2010, without any

increase in the previously authorized total not-to-exceed amount. The Authority has determined that it is in its best interest to exercise its option to extend the referenced agreements for the second of the two option years with no increase in the not-to-exceed amount.

On behalf of the Performance Oversight Committee, Mr. Letwin respectfully requested approval of this resolution as presented.

It was moved by Mr. Taylor, seconded by Mr. Mattola and unanimously agreed that the resolution be approved as presented.

The next resolution authorizes the Authority to enter into new electrical service agreements with Duquesne Light Company for the North Shore Connector project. The construction of the North Shore Connector project requires installation of new electrical services by Duquesne Light to accommodate the Authority's mechanical and electrical equipment.

The total not-to-exceed amount recommended to install these services for the North Shore Connector project is \$575,000. Mr. Letwin noted that these funds are all within the project's budget.

On behalf of the Performance Oversight Committee, Mr. Letwin respectfully requested approval of this resolution as presented.

It was moved by Mr. Mattola, seconded by Mr. Taylor and unanimously agreed that the resolution be approved as presented.

The next resolution authorizes the Authority to extend the term of agreement with Tri-Gold for the North Shore Connector project. Port Authority entered into an agreement dated February 23, 2001 with Tri-Gold to provide project management and construction management services for the project. The current term expires on December 31 of this year, and it has been determined that it is in the Authority's best interest to extend the term of the agreement to April 30, 2011, with no increase to the previously authorized total not-to-exceed amount of the agreement. Mr. Letwin added that as the project has gone so well, certainly the contract should be extended.

On behalf of the Performance Oversight Committee, Mr. Letwin respectfully requested approval of this resolution as presented.

It was moved by Mr. Mattola, seconded by Dr. Martoni and unanimously agreed that the resolution be approved as presented.

The next resolution authorizes the Authority to award Construction Contract No. SYS010-04 for the Mt. Lebanon Tunnel Rail Replacement project. The Authority is engaged in the design and replacement of rail in the Mt. Lebanon Tunnel. Mr. Letwin added that this project follows the direction of this Board to pursue state-of-good repair projects.

After the review of the bids received, it was determined that the Atlas Railroad Construction Company, in the amount of \$2,459,370, was the lowest bidder meeting the specifications of the contract.

On behalf of the Performance Oversight Committee, Mr. Letwin respectfully requested approval of this resolution as presented.

It was moved by Mr. Mattola, seconded by Mr. Taylor and unanimously agreed that the resolution be approved as presented.

The committee then heard a report on the audit of inventory items from Port Authority's Director of Internal Audit, Ms. Brenda Fink, who identified inventory items that have potential external uses. This audit identified the materials and supplies of common uses outside Port Authority and made several recommendations to enhance internal controls to improve the ability to analyze and control their uses. Mr. Letwin was happy to note that there were no significant errors or irregularities identified. Management has implemented all of the recommendations in the report.

The committee then received a report on the North Shore Connector project from Mr. Keith Wargo. At this point, the overall construction is 81 percent complete and the project is on schedule and within project budget.

That concluded the report of the Performance Oversight Committee.

The Chairman called on Mr. Mattola for a report of the Planning and Development Committee.

Mr. Mattola reported that with the Board's decision at the September meeting to defer action of the service and fare proposals until the November 24, 2010 Board meetings, the Planning and Development Committee did not have a meeting this month.

Mr. Mattola reiterated that we want to say again that we appreciate the efforts of our elected officials working to develop a long-term solution to the statewide funding crisis, and we are hopeful that a sustainable solution can be developed. But unfortunately, in the absence of a solution, we must take action at our November Board meeting in order to implement the service reductions in March 2011 and the fare actions in January.

As Mr. Bland reported, Mr. Mattola mentioned that Port Authority announced a revised fare increase proposal on October 12, 2010. The revised proposal includes an additional increase to Zone 2 and the elimination of premium fares at this time. A supplemental public hearing on the revised fare proposal will be held in the Board room on November 3, 2010 from 9 to 11 a.m. A public comment period began on October 13, 2010, and will continue through November 12, 2010 at 4:00 p.m.

Mr. Mattola emphasized that this hearing and comment period is to address the revised fare changes only. All of the comments we received from our riders, businesses and organizations on the proposed 35 percent service reduction and other aspects of the fare increase are already included in the public record. In addition, depending on comments received, the Board may consider some combination of the original premium fare proposal and the revised approach currently out for comment. Mr. Mattola emphasized that the new proposal in no way takes the concept of the premium fare off the table now or in the future.

Mr. Mattola ended his report by saying that, “we sure wish this course of action was not necessary, especially after making so many improvements in the last few years, but unfortunately, we have little choice at this time.”

This concluded the report of the Planning and Development Committee.

The Chairman called on Mr. Richard Taylor for a report from the Stakeholder Relations Committee.

Mr. Taylor reported that although the Stakeholder Relations Committee did not meet this month, there are several community outreach and stakeholder relations activities to report. Mr. Taylor reported that staff continued its outreach efforts to educate and inform the public about the September TDP changes. Service Planning and Scheduling Department staff presented information about the changes to the Oakland Transportation Forum sponsored by Oakland Transportation Management Association. Government Affairs staff continued to hold meetings regarding the TDP changes with members of our city, county and state delegations. In addition, district maps illustrating all of the TDP service changes were distributed to each member of the state legislature. Several community outreach meetings and presentations were also held this month to help promote the TDP changes which have also been posted on our web site.

Mr. Taylor continued reporting that on September 20, 2010, Port Authority jointed about two dozen community partners in presenting Bus Rapid Transit (BRT) with focus on Pittsburgh’s downtown, Oakland and East End corridor, and featured planning, development and transportation professionals with BRT experience along with stakeholders from the community. BRT insights were shared from three cities including Kansas City, Los Angeles and Cleveland. Breakout sessions were held to explore the BRT opportunity, challenges and community development issues. Mr. Taylor added that participants provided very positive feedback with planning, and follow-up actions to the forum have begun.

Mr. Taylor then reported that in regards to research efforts, our staff is working hard on a comprehensive transit survey called “Your Voice Counts.” The information collected from the survey will provide valuable information about our customers including who they are, how they travel, and the most effective ways to communicate with them. The survey results will help us provide more efficient service, increase ridership and identify new markets. We encourage our riders and non-riders to take the survey by logging onto Port Authority’s web site. Mr. Taylor noted that this is a critically important undertaking because not only are we implementing the changes to be more effective in serving current riders, but we really want to leverage the statistic realignment to reach new riders. This market data will be very helpful to us in doing that.

Marketing and Community Outreach staff participated in several events staged by our partners and stakeholders.

Mr. Taylor reported that Port Authority Police participate quite frequently in community events and civic safety education, noting that a lot of this work goes unnoticed. Most recently, Port Authority Police Officer Lester Jordan performed a “Cops Detail” along with Peters Township Police and Bethel Park Voluntary Fire Department at the South Hills Village Mall. Port Authority Police Officer John Dorsey also performed a “Cops Detail” at the Johnson Elementary School in Wilkinsburg along with

officers from the State Police and the Pittsburgh Police Bureau. The officers handed out safety information and met with the PTA concerning getting parents more involved in the education and school experiences of their children.

That concluded the report of the Stakeholders Relations Committee.

The Governance Committee did not meet this month.

The Chairman reported that there will be two people addressing the Board this morning. The Chairman called on Mr. Ron Kaplan for a report.

Mr. Ron Kaplan, a regular rider of the 61B, 38C and P71 routes, addressed the Board at this time. Mr. Kaplan reported that on August 9 of this year, the City of Pittsburgh eliminated the Port Authority bus stop at Forbes Avenue and Market Street. He stated that the city made the decision based on lobbying from the Pittsburgh Downtown Partnership and the Heinz Healey Menswear Store, which is adjacent to the former stop. He stated that the elimination of the stop will seriously inconvenience riders, in particular the handicap and elderly riders. Mr. Kaplan stated that stop eliminations are just another example of how the interests of the riders are overlooked in favor of the needs of business owners. To his knowledge, no attempt was made to work with riders to make the stop more accessible at Heinz Healy, and there were no signs posted by Port Authority alerting riders to this change.

Mr. Kaplan noted that Port Authority is at the mercy of the city on stop location matters, but the riders would have hoped Port Authority aggressively fought against the elimination of this stop. He ended his report by urging Port Authority management to aggressively lobby the city to restore this stop.

The Chairman called on Mr. Jonathan Robison, president of the Allegheny County Transit Council. Mr. Robison reported on the subject of the threat of the looming 35 percent cut in bus service. He reported that the State Senate has adjourned, so nothing can be done by the legislature for the rest of the year, and noted that the only hope of preventing this disaster is the Governor finding and flexing, or transferring or shifting, some funds to cover the \$47 million deficit.

Mr. Robison urged everyone to call the Governor. If he gets enough calls, it increases the likelihood that he'll do what's necessary. He won't do it before the election, but could very well do it between the election and the new year.

The next regular meeting will be Wednesday, November 24, 2010.

The meeting was adjourned.